DISCATERY FOR PROMOTING INTEGRAL HUMAN DEVELOPMENT

VOCATION of the BUSINESS LEADER: A REFLECTION

UNIAPAC_VOCATION_NOV_2018_EN_PRINT.indd 1 08/11/2018 21:47

PUBLISHER

DICASTERY FOR PROMOTING
INTEGRAL HUMAN DEVELOPMENT
Piazza San Calisto, 16
I - 00120 Vatican City
www.justpax.va

CO-PUBLISHER

JOHN A. RYAN INSTITUTE FOR CATHOLIC SOCIAL THROUGHT
OF THE CENTER FOR CATHOLIC STUDIES
At the University of St. Thomas
Minnesota, USA
www.stthomas.edu/cathstudies/cst
Rome/St. Paul, November 2018

The fifth edition incorporates several recent teachings from Pope Francis on vocation of business, integral ecology, the technocratic paradigm and the importance of a more just distribution of wealth.

UNIAPAC_VOCATION_NOV_2018_EN_PRINT.indd 2 08/11/2018 21:47

FOREWORD TO THE 2018 ENGLISH EDITION

The present volume had its origins in several meetings in 2010 and 2011 that were inspired by the Encyclical Letter *Caritas in Veritate* of Pope Emeritus Benedict XVI. Besides the former Pontifical Council for Justice and Peace (PCJP), collaborating institutions included the *John A. Ryan Institute for Catholic Social Thought* of the Center for Catholic Studies at the University of St. Thomas, the *Ecophilos Foundation, the Institute for Advanced Catholic Studies* of Los Angeles, and UNIAPAC (the International Union of Christian Business Executives Associations). Underlying the work of all participants—business men and women, university professors, and experts in Catholic social doctrine —is the Church's firm conviction that all Christians are called to practice charity in a manner corresponding to their vocation and according to the degree of influence they wield in the *polis* (CIV, 7).

Their deliberations led to "*Vocation of the Business Leader*" as a kind of *vade-mecum* for business men and women. It would also be a handbook to be utilized by professors in formative moments and for instruction in schools and universities. The document speaks of the "vocation" of the business men and women who act in a wide range of business institutions: cooperatives, multinational corporations, family businesses, social businesses, for-profit/non-profit collaborations, and so on; and of the challenges and opportunities that the business world offers them in the context of global communications, short-term financial practices, and profound cultural and technological changes.

Business leaders are called to engage with the contemporary economic and financial world in light of the principles of *human dignity* and the *common good*. This reflection offers business leaders, members of their institutions, and various stakeholders a set of *practical principles* that can guide them in their service of the common good. Among these principles are that of *meeting the needs of the world* with goods that are *truly good* and *truly serve* without forgetting, in a spirit of solidarity, the needs of the poor and the vulnerable; the principle of *organising work within enterprises* in ways that *respect human dignity*; the principle of *subsidiarity*, which fosters a spirit of initiative and increases the competence of the employees who are thereby considered "co-entrepreneurs"; and, finally, the principle of the *sustainable creation of wealth* and its *just distribution* among the various stakeholders. This new edition[1] presents some of the teachings of Pope Francis that are particularly relevant to business, especially in *Laudato Si'*. Francis sees business as a noble vocation, but he is concerned by the false ideal of personal or corporate gain to the detriment of all else. He calls business people to discover the intrinsic value of all God's creatures, recognizing that natural resources have more than a utilitarian function; to see each person as a "subject who can never be reduced to the status of object"; and to create jobs "as an essential part of their service to the common good". By so doing, business leaders can carry on God's creation and serve it faithfully.[2] The Pope's urgent, prophetic tone can appear surprisingly critical at times, but it serves his call to continual conversion at personal, corporate and community levels—an always fuller integration of all the facets of being human.

These are difficult times for the world economy, during which many business men and women have suffered the consequences of crises that deeply reduced the income of their enterprises, risked their survival, and threatened many jobs. Nevertheless, the Church maintains the hope that Christian business leaders will, despite the present *darkness*, restore trust, inspire hope, and keep burning the light of faith that fuels their daily pursuit of the good. Indeed, it is worth recalling that Christian faith is not only the light that burns in the heart of believers but also the propulsive force of human history.

Cardinal Peter K.A. Turkson
Prefect, Dicastery for Promoting Integral Human Development

UNIAPAC_VOCATION_NOV_2018_EN_PRINT.indd 3 08/11/2018 21:47

EXECUTIVE SUMMARY

When businesses and market economies function properly and focus on serving the common good, they contribute greatly to the material and even the spiritual well-being of society. Recent experience, however, has also demonstrated the harm caused by the failings of businesses and markets. Alongside their benefits, the transformative developments of our era—globalisation, communication and computing technologies, and financialisation—produce problems: inequality, economic dislocation, information overload, ecological damage, financial instability, and many other pressures that interfere with serving the common good. Nonetheless, business leaders, who are guided by ethical social principles exemplified through lives of virtue and illuminated for Christians by the Gospel, can succeed and contribute to the common good.

Obstacles to serving the common good come in many forms—corruption, absence of rule of law, tendencies towards greed, and poor stewardship of resources—but the most significant for a business leader on a personal level is leading a *divided life*. This split between faith and daily business practice can lead to imbalances and misplaced devotion to worldly success. The alternative path of faith-based "servant leadership" provides business leaders with a larger perspective and helps them to balance the demands of the business world with those of ethical social principles, illuminated for Christians by the Gospel. This is explored through three stages: *seeing, judging, and acting*, even though it is clear that these three aspects are deeply interconnected.

SEEING: The challenges and opportunities in the world of business are complicated by factors both good and evil, including five major "signs of the times" influencing business.

• *Globalisation* has brought efficiency and extraordinary new opportunities to businesses, but the drawbacks include greater inequality, economic dislocation, cultural homogeneity, and the inability of governments to properly regulate capital flows.

• *Communications and computing technologies* have enabled connectivity, new solutions and products, and lower costs, but its amazing velocity also brings information overload and rushed decision-making.

• *Financialisation* of business worldwide has intensified tendencies to commoditise the goals of work and to emphasise wealth maximisation and short-term gains at the expense of working for the common good.

• *Environmental awareness* has brought a growing ecological consciousness within business, but there still exists a growing consumerism and "throwaway" culture that damages nature both in its physical and human dimensions.

• *Cultural changes* of our era have led to increased individualism, more family breakdowns, and utilitarian preoccupations with self and "what is good for me". As a result we have more private goods but are lacking significantly in common goods. Business leaders increasingly focus on maximising wealth, employees develop attitudes of entitlement, and consumers demand instant gratification at the lowest possible price. As values have become relative and rights more important than duties, the goal of serving the common good is often lost.

UNIAPAC_VOCATION_NOV_2018_EN_PRINT.indd 4 08/11/2018 21:47

JUDGING: Good business decisions are rooted in principles at the foundational level, such as respect for human dignity and service to the common good, and a vision of a business as a community of persons. Principles on the practical level guide the business leader to:

- produce goods and services that meet genuine human needs and serve the common good, while taking responsibility for the social and environmental costs of production and the supply chain and distribution chain, and watching for opportunities to serve the poor;

- organise productive and meaningful work by recognising the dignity of employees and their right and duty to flourish in their work (work is for the person rather than the other way around), and by structuring workplaces with subsidiarity that designs, equips and trusts employees to do their best work; and

- use resources wisely in order to create both profit and well-being, to produce sustainable wealth and to distribute it justly (a just wage for employees, just prices for customers and suppliers, just taxes for the community, and just returns for owners).

ACTING: Business leaders can put aspiration into practice when their vocation is motivated by much more than financial success. When they integrate the gifts of the spiritual life, the virtues and ethical social principles into their life and work, they may overcome the divided life, and receive the grace to foster the integral development of all business stakeholders. The Church calls upon business leaders to *receive*—humbly acknowledging what God has done for them—and to *give*—entering into communion with others to make the world a better place. *Practical wisdom* informs their approach to business and strengthens business leaders to respond to the world's challenges not with fear or cynicism, but with the virtues of faith, hope, and love. This document aims to encourage and inspire leaders and other stakeholders in businesses *to see* the challenges and opportunities in their work; *to judge* them according to ethical social principles, illuminated for Christians by the Gospel; and *to act* as leaders who serve God.

UNIAPAC_VOCATION_NOV_2018_EN_PRINT.indd 5 08/11/2018 21:47

INTRODUCTION

1. In the Gospel, Jesus tells us: "From everyone who has been given much, much will be demanded; and from the one who has been entrusted with much, much more will be asked" (Lk 12:48). Businesspeople have been given great resources and the Lord asks them to do great things. This is an aspect of their vocation. In this young century alone, many businesses have already brought forth marvellous innovations that have cured disease, brought people closer together through technology and created prosperity in countless ways. Unfortunately, this century has also brought business scandals, serious economic disturbances, growing inequality, ecological damage, and an erosion of trust in business organisations and in free-market institutions generally. For Christian business leaders, this is a time that calls for the witness of faith, the confidence of hope, and the practice of love.

2. When businesses and markets as a whole are functioning properly, with sensible and effective regulatory oversight, they make an irreplaceable contribution to the material and even spiritual well-being of humankind. When business activity is carried out justly, effectively, and sustainably, customers receive goods and services at fair prices; employees engage in good work and earn a livelihood for themselves and their families; investors earn a reasonable return; and natural resources and ecosystems are looked after. Communities see their common resources put to good use, the environment is protected, and the overall common good is respected.

3. When managed well, businesses actively enhance the dignity of employees and the development of virtues, such as solidarity, practical wisdom, justice, industriousness, stewardship, and many others. While the family is the first school of society, businesses, like many other social institutions, continue to educate people in virtue, especially those young men and women who are emerging from their families and their educational institutions and seeking their own places in society. Those who come from socially disadvantaged backgrounds and who experience social isolation may also find their places within companies. Furthermore, businesses promote healthy interdependence among the peoples of different nations by promoting interaction between them in a way that is mutually beneficial. They may thus become vehicles of cultural engagement and promoters of peace and prosperity.

4. All of these potential benefits encourage the Church to take a lively interest in business. Depending on the choices made, businesses can significantly improve people's lives; but they can also cause real harm. Ideally, businesses will choose freely to pursue the common good, but freedom without truth leads to disorder, injustice, and social fragmentation. It is imperative that freedom is seen as a call to do what ought to be done rather than used as simple license. If businesses lack virtuous leadership and guiding principles, they can be places in which expediency displaces justice; power corrupts wisdom; technology supplants dignity; and self-interest marginalises the common good.

5. We wish to speak specifically to Christian business leaders, who have at the heart of their work the deep sense of God's calling to be collaborators in creation. Such leaders play an important role in engendering and advancing ethical social principles in their day-to-day routines, drawing on the Catholic social tradition where appropriate. We also wish to speak to all business leaders of good will who have an influence on the behaviours, values and attitudes of the people comprising their enterprises. Leaders are not only those with titles, but also those who exercise influence for the good of the other. From company CEOs and members of boards of directors to team leaders to people with informal influence, business leaders of all kinds play a critical role in shaping economic life and creating the conditions for all people to develop integrally through business institutions. Such institutions are highly diverse, including

UNIAPAC_VOCATION_NOV_2018_EN_PRINT.indd 6 08/11/2018 21:47

cooperatives, multinational corporations, small entrepreneurial start-ups, employee-owned businesses, family businesses, social businesses, partnerships, sole-proprietorships, joint ventures with government, and for-profit/non-profit collaborations. Some of these businesses are publicly traded stock companies, while most are privately held. Some have revenues larger than many countries, but most are small. Some are owned by thousands of investors, others are owned by a single person or family. Some are legally defined as for-profit entities; others have a new legal standing and are termed "social businesses" with a special status. Business is a diverse institution, and as Pope Benedict XVI has pointed out, the Church addresses business in all of its forms.[3]

6. The vocation of the businessperson is a genuine human and Christian calling. Pope Francis calls it "a noble vocation, provided that those engaged in it see themselves challenged by a greater meaning in life; this will enable them truly to serve the common good by striving to increase the goods of this world and to make them more accessible to all."[4] The importance of the businessperson's vocation in the life of the Church and in the world economy can hardly be overstated. Business leaders are called to conceive of and develop goods and services for customers and communities through a form of market economy. For such economies to promote the common good, they need to uphold respect for truth, fidelity to commitments, human dignity, freedom, creativity, and the universal destination of goods—meaning that God's creation is a gift to everyone.

7. Business leaders have a special role to play in the unfolding of creation. They not only provide goods and services and constantly improve them by innovating and by harnessing science and technology, but they also help to shape organisations that will extend this work into the future. In *Laborem Exercens*, St John Paul II reminded us of the fundamental truth that humanity, "created in the image of God, *shares by his work in the activity of the Creator* and that, within the limits of his own human capabilities, man in a sense continues to develop that activity and perfects it as he advances further and further in the discovery of the resources and values contained in the whole of creation".[5] However, we must not overreach; as Francis reminds us in *Laudato Si'*, we risk doing damage "when we no longer recognize any higher instance than ourselves, when we see nothing else but ourselves".[6]

8. Building a productive organisation is a primary way in which businesspeople can share in the unfolding of the work of creation. When they realise that they are participating in the work of the Creator through their stewardship of productive organisations, they may begin to realise the grandeur and awesome responsibility of their vocation.

9. Businesses certainly have the potential to be a force for great good in any society, and many do live up to their moral and economic promise. Numerous obstacles, however, may stand in the way of realising this potential. Some of these obstacles are external to a particular business: for example, the absence of the rule of law or international regulations; generalized corruption, destructive competition, and crony capitalism; inappropriate state intervention; or a culture hostile to entrepreneurship in one or more of its forms. Business leaders have less influence on these than on internal failings, such as treating employees as mere "resources", considering the business itself as no more than a commodity where employees are mere "resources" and human relationships and growth are ignored; rejecting a proper role for government regulation of the marketplace; making money from products that are not truly good or services that do not truly serve; or exploiting natural resources in a destructive way.

10. Chief among these obstacles at a personal level is a *divided life*, or what the Second Vatican Council called "the split between the faith which many profess and their daily lives". It is "one of the more serious errors of our age".[7] Compartmentalizing the demands of one's faith from one's work in business is a fundamental error

UNIAPAC_VOCATION_NOV_2018_EN_PRINT.indd 7 08/11/2018 21:47

that contributes to much of the damage done by businesses in our world today, including overwork to the detriment of family or spiritual life, an unhealthy attachment to power to the detriment of one's own good, and the abuse of economic power in order to make even greater economic gains. In this regard, the Church remains mindful of the words of Jesus himself: "No one can be the slave of two masters. He will either hate the first and love the second or be attached to the first and despise the second. You cannot love both God and money" (Mt 6:24). Business leaders who do not see themselves as serving others and God in their working lives will fill the void of purpose with a less worthy substitute. The divided life is not unified or integrated: it is fundamentally disordered, and thus fails to live up to God's call.

11. Fragmentation of this kind can ultimately lead to idolatry—an all-too-common occupational hazard of business life that threatens both individuals and organisations. It means abandoning one's call to relationship with a loving Creator, as the Israelites did at the foot of Mount Sinai when they crafted and worshipped a golden calf. The golden calf is a symbol of *misplaced devotion*, born of a false idea of success.[8] There are many surrogates for the golden calf in modern life. They emerge when "the sole criterion for action in business is thought to be the maximization of profit";[9] when technology is pursued for its own sake; when personal wealth or political influence fails to serve the common good; or when we appreciate only the utility of creatures and ignore their dignity.[10] Each of these "golden calves" amounts to a kind of fixation, usually accompanied by rationalization. Each has the capacity to "entrance" us, as Benedict says in his social encyclical *Caritas in Veritate*,[11] and business leaders must pay careful attention to avoid the lure of idolatry.

12. The manifold pressures that business leaders face may lead them to forget the Gospel call in their daily professional activities. It may seduce them into believing, falsely, that their professional lives are incompatible with their spiritual lives. They may then concentrate excessively on material things or worldly success. When this happens, business leaders risk valuing status and fame over lasting accomplishment, and consequently risk losing their good judgment. Business leaders may be tempted, whether from self-centredness, pride, greed or anxiety, to reduce the purpose of business solely to maximising profit, to growing market share, or to any other solely material good.[12] In this way, the good that a market economy may do, for individuals and for society, can be diminished or distorted.

13. Well-integrated business leaders can respond to the rigorous demands placed upon them with a servant attitude, recalling Jesus washing the feet of His disciples. Leadership in this servant spirit is different from the authoritarian exercise of power too often present in business organisations. It distinguishes Christian executives and the work environment that they seek to foster. In living business responsibilities in such a manner, in developing true servant leadership, they give freely of their expertise and abilities. In figuratively washing the feet of their collaborators, business leaders more fully realise their noble calling.

14. An important part of the business leader's vocation is practising ethical social principles while conducting the normal rhythms of the business world. This entails seeing the situation clearly, judging with principles that foster the integral development of people, and acting in a way that implements these principles in light of one's unique circumstances and the teachings of the Faith. The rest of this document is organised accordingly: *see*, *judge*, and *act*.[13]

SEEING THE WORLD OF BUSINESS: CHALLENGES AND OPPORTUNITIES

15. The business leader faces a world characterised by a complicated mix of factors. To try to understand them, we need to follow the guidance given in the document *Gaudium et Spes* of Vatican II; that is, we have the task "of scrutinizing the signs of the times and of interpreting them in the light of the Gospel".[14] Some of these signs point to factors that limit

UNIAPAC_VOCATION_NOV_2018_EN_PRINT.indd 8 08/11/2018 21:47

what leaders can do to realise the good by constricting their behaviour and closing down avenues of creativity. Other factors create new opportunities for boards of directors, managers and entrepreneurs to serve the common good and the potential for new circles of solidarity to infuse our social, political and economic life. The world around us, therefore, presents a complex interplay of light and dark, of good and evil, of truth and falsehood, of opportunities and threats.

16. Christian business leaders must be able to *see* this world in a way that allows them to make judgments about it, to build up its goodness and truth, to promote the common good, and to confront evil and falsehood. The *Making Judgements* section of this text offers help in this kind of assessment. The aim of this first section is to present a short summary of some key factors affecting business activity today, indicating where possible their beneficial, detrimental and context-dependent aspects from the perspective of business leaders.

17. Among the many complex factors that influence business locally and globally, five stand out as worthy of special mention, having fundamentally changed the context of business over the last quarter-century. The first four are closely related to each other: (1) globalisation, (2) new communication and computing technologies, (3) the financialisation of the economy, and (4) the changing natural environment. The fifth factor, (5) cultural changes—and, in particular, the challenge of individualism and accompanying moral systems of relativism and utilitarianism—may arguably present the greatest dangers to Christian business leaders. Of course, many other factors influence business today and deserve analysis, but in order to be succinct we will only examine these five.

18. *Globalisation:* The rise of a single global economic order is one of the distinguishing features of our age. The term "globalisation" points to a worldwide process of ever greater movement of both outputs and inputs, especially labour and capital, bringing with it a growing web of social interconnection. With the end of the Cold War and the opening up of many emerging markets, the marketplace for businesses around the world has expanded enormously. This has created new opportunities and new threats. Whole peoples who were previously excluded from the world economic system can now participate in and benefit from it. Greater efficiencies have made more products and services affordable for more people. Two significant concerns, however, have been highlighted by Pope Francis.

• The first addresses *profound inequality*. While world output has increased and been accompanied by a significant reduction in extreme poverty, great inequality persists in the distribution of income and wealth, both within countries and between them. For instance, regional economic zones, with free movement of goods and even single currencies, encourage trade and stimulate innovation. They are not, however, always accompanied by equally free possibilities for the movement of working people in search of employment. Pope Francis has forcefully critiqued this economy of exclusion and inequality and decried the accompanying "globalization of indifference". As leaders, Christian business people know how important it is to "see" and be aware of the reality of their own businesses. Equally, their vocation entails being aware of the reality of those affected by businesses or left out from the benefits of the economy altogether. Francis calls leaders to personally encounter those affected by inequality. Such an encounter not only prevents leaders from developing a benumbed conscience, but may also allow them to better deploy their freedom and creativity for the common good.[15]

• Francis also addresses *threats to culture*, as did John Paul in *Sollicitudo Rei Socialis*. He explains: "In many countries globalization has meant a hastened deterioration of their own cultural roots and the invasion of ways of thinking and acting

UNIAPAC_VOCATION_NOV_2018_EN_PRINT.indd 9 08/11/2018 21:47

proper to other cultures which are economically advanced but ethically debilitated."[16] In the Catholic tradition, culture denotes everything that humans develop and perfect through their bodily and spiritual qualities; every person finds meaning in his or her life within a particular culture (cf. *Gaudium et Spes*, 53). Local cultures in their diversity give shape to the human family in its diversity. But the riches they bring are sometimes threatened by a globalised cultural push for uniformity, which puts pressure on people to abandon their own cultural traditions. Francis holds that the "disappearance of a culture can be as serious, or even more serious, than the disappearance of a species of plant or animal".[17] At the same time as markets bring different cultures into greater communication with one another, overly aggressive competition and the global marketing of standardised products can lead to cultural homogeneity and loss of diversity.

19. Coupled with these changes is the reality that *capital may opt to avoid accountability* to the people in the countries where its profits are made.[18] It is as if economic power has an extraterritorial status. Companies are able to react to profit opportunities quite independently of the local government. Thus globalisation is modifying the foundations of the economy and the polity, reducing the degrees of freedom of nation-states: the familiar nation-state's political-economic instruments are tied to a well-defined territory, whereas multinational companies can produce goods in one country, pay taxes in another, and claim assistance and state contributions in yet a third. Business has become much more influential than previously in this changed context of a more globalized economy, and consequently carries the potential for great good or harm.

20. *Communications and computing technologies:* The revolutions in communications technology brought about by the internet and the new ability to quickly analyse vast amounts of data have had significant effects, both positive and negative, upon business management. On the positive side, internet-based collaboration is developing new products and solutions to age-old problems. People can afford to connect globally and that has created new ways for the poor to be integrated into the job market. New business models combine collaboration and competition in unique ways to meet needs that previously were inadequately served or left completely unsatisfied. Consumer and stakeholder groups are empowered to apply pressure on global businesses and highlight poor practices in issues ranging from respect for human rights to environmental protection. This activism reduces the cost-penalty borne by those companies that behave responsibly when it effectively pressures other companies to follow suit.

21. On the negative side, we now live in a world of instant gratification and an overabundance of information. In such a world, as is commonly noted, "the urgent can drive out the important". Every message becomes a priority when instant communication insists on our attention. We seem to have no time for well-studied and thoughtful decisions on complex matters. Decisions—even important ones—are increasingly made without adequate consideration and with too little shared information. Francis warns us not to succumb to what he calls the "technocratic paradigm." This paradigm lures us into the illusion that if we can do something, we ought to. While technology plays an important role in solving our problems, the technocratic paradigm replaces and supplants the deepest dimensions of our humanity, namely virtue, contemplation and relationships. We become skimmers of information rather than deep divers for wisdom. Some leaders of technology firms have recognized that if technology is to serve humanity it needs a greater wisdom than what technology can give. The warning of Vatican II half a century ago is still valid: "Our era needs such wisdom more than bygone ages if the discoveries made by man are to be further humanized. For the future of the world stands in peril unless wiser men are forthcoming."[19] The world needs wise business leaders, whose capacity for making decisions takes their faith into account, to resist this technocratic paradigm and instead deploy their creativity and wealth to create greater prosperity for all and take care of our common home.[20]

UNIAPAC_VOCATION_NOV_2018_EN_PRINT.indd 10 08/11/2018 21:47

22. *Financialisation of the economy:* The combination of globalisation with its expansion of markets and earnings and new communications and computing technologies has brought the financial sector to great prominence in business. The term "financialisation" describes the shift in the capitalist economy from production to finance. The revenue and profits of the financial sector have become an increasingly large segment of the world-wide economy. Its institutions, instruments and motives are having a significant influence on the operations and understanding of business. While the financial crisis that began in 2007–08 has brought about a wave of criticisms of the negative effects of financialisation, the financial sector has also: given millions of people easier access to credit for consumption and production; sought to spread risk through derivative instruments; created ways to leverage capital to make it more productive; and more. The financial sector has also produced social or ethical funds allowing investors to apply their values in supporting or avoiding certain industries or certain companies. These funds represent an important and fast-growing development that may grow further after some promising results during the financial crisis. *Caritas in Veritate* points out that ethical investment should be the norm: "Efforts are needed—and it is essential to say this—not only to create 'ethical' sectors or segments of the economy or the world of finance, but to ensure that the whole economy—the whole of finance—is ethical, not merely by virtue of an external label, but by its respect for requirements intrinsic to its very nature".[21]

23. But despite these positive developments, financialisation can overwhelm the real economy.[22] Indeed, it has contributed to a whole assortment of negative trends and consequences. We will address only two—commoditisation and short-termism. Financialisation has tended to completely *commoditise* businesses, reducing the meaning of this human enterprise to nothing but a price. In particular, the financial sector has contributed to this commoditising trend by equating the purpose of business to shareholder wealth maximization. Shareholder value has become virtually the sole metric by which business leaders determine their performance and their worth. In the current climate, the call to "maximise shareholder wealth" remains dominant and is the leading theory taught in many business schools. It can justify the use of big-data analysis to manipulate markets and to increase the dominance of commerce in daily life. It can justify rent-seeking behaviour that exacts revenue without adding value. More generally, it spawns *short-term* mentalities under which leaders are tempted to become fixated on the potential for short-term success, and to downplay the consequences of excessive risk-taking and strategic failure. It is not surprising that the opportunity to acquire enormous wealth in relatively short timeframes provides a strong incentive for dysfunctional behaviour. Benedict noted these dangers when he wrote: "Without doubt, one of the greatest risks for businesses is that they are almost exclusively answerable to their investors, thereby limiting their social value.…It is becoming increasingly rare for business enterprises to be in the hands of a stable director who feels responsible in the long term, not just the short term, for the life and results of the company".[23] It is therefore gratifying to witness a rise in discussions of sustainability—environmental and social as well as commercial—in the business world.

24. *Environmental awareness:* There is a growing ecological consciousness within business that increasingly recognizes the impact of production and consumption on the natural environment. Many companies are finding ways to conduct life cycle product and service assessment that addresses the negative impacts of production and consumption on the ecosystem, future generations and especially the poor. They are starting to design their goods as recyclable products (reduce, reuse, recycle) by selecting raw materials that can be reused more easily. They have also sought to decarbonize their buildings and factories by implementing renewable energy sources and more energy efficient cooling and heating systems; this reduces energy consumption and carbon dioxide emissions. Developing new pollution-reducing

UNIAPAC_VOCATION_NOV_2018_EN_PRINT.indd 11 08/11/2018 21:47

technologies and using renewable sources of energy are needed to promote sustainable development within business. In addition, new business models are arising that enhance sustainability (e.g. the "sharing economy") and promote lifestyle choices for a healthier common home.

25. Despite such awareness, some business leaders are overconfident in an unlimited growth potential of the earth's resources, and in the ability of markets, self-interest and technology to solve any problems we have. But others are rightfully more prudent. They know that changes in nature may suddenly affect their ability to produce (e.g., water shortages), and that social degradation from climate change can affect everyone. Overconfidence may be driven by the desires for greater profits and ever-higher consumption. Francis has been particularly concerned by the growing consumerism and "throwaway" culture this attitude generates. He warns of a consumerism fixated on pleasures, blunting the conscience and leaving no room for others, the poor, children, and God.[24] This consumerism can blind us to the damage we are doing to our marriages and families, our culture and our natural environment. Francis has called for an "integral ecology" in which our lifestyle is animated by the demands of virtue, sacrifice, and a return to connected relationships with nature, humanity and God.

26. *Cultural changes:* As already discussed, new levels of contact between nations through globalisation, and between individuals through technology, have resulted in significant cultural change. For the Christian business leader, two related key cultural changes have been the turn to individualism in the West and higher levels of family breakdown than in the past. With a strongly utilitarian view of economics and even of society on the rise, whole populations are encouraged to focus on achieving "what works for me", independently of the effects on others, with results that negatively affect family life. "Values" are seen as relative, measured by their contribution to individual preferences and business gains. Work becomes simply a means to afford the pleasures of life that each person chooses. Rights become much more important than duties; sacrifice for a larger good is denigrated. These attitudes fuel the drive of top management to claim a disproportionate share of the wealth created, for employees to nurture an attitude of entitlement, and for customers to expect instant gratification.

27. Fortunately, new movements and programs have been developed in an effort to take moral and spiritual life more seriously in relation to business. Faith-and-work groups, spirituality of work programs, business ethics training, social responsibility projects, social business initiatives, and economy of solidarity initiatives are all helping business leaders to manage their companies in the spirit of St Paul's exhortation: "But test everything; hold fast what is good" (1 Thes 5:21).[25] Many of these groups and movements are enabling business leaders to recognise their work as a vocation and the role their businesses play in contributing to the common good.

28. There is no doubt that globalisation, enhanced communication, new technologies and financialisation can have positive consequences for the human community. For example, a healthy respect for short-term financial performance can be positive if it is but one contributor to decision-making rather than being its sole driver. Balance and perspective are required, cautiously asking about "potentially negative impact on human beings".[26] All these trends need to be guided by ethical social principles, illuminated for Christians by the Gospel, and embedded in sound cultural institutions. Without such a constant influence, they risk being detrimental to "integral human development"—a term coined by Paul VI to indicate the full, undivided human wholeness that should be the goal of the quest for justice and peace for all.[27] This is where the social teachings of the Church and our belief in God's love can offer an authentic perspective, enabling business leaders to fulfil their Christian calling.

UNIAPAC_VOCATION_NOV_2018_EN_PRINT.indd 12 08/11/2018 21:47

MAKING JUDGMENTS: THE IMPORTANCE OF ETHICAL SOCIAL PRINCIPLES

29. Dealing with the complex context of business described in our last section requires good judgment: judgments that are wise and rooted in reality and in truth. The ability to make reasoned judgments, however, must be nurtured in the moral and spiritual culture from which business leaders come, namely their families, religion, educational institutions, and the larger communities to which they belong. For the Christian business leader, at the heart of that culture is the Gospel of Jesus Christ.

30. This Gospel is a message of love that is found not primarily in a theory or an ethic, but in a relationship with Christ.[28] It is this relationship, this vocation to love, which, if we permit it, will animate and strengthen the life of every Christian. It has particular ethical and religious implications for Christian business leaders. These implications are identified in what the Church calls its *social tradition*, a living dialogue between faith, reason and action and between the Gospels themselves and the signs of the times.[29] This tradition has grown through a complementary relationship between authoritative teachers (Catholic social teaching), insightful scholars (Catholic social thought), and effective and principled practitioners (Catholic social practice). This Gospel tradition is constantly developed, purified and readjusted as Christians, including business leaders, seek discernment and excellence in their professional lives.

31. An important part of this tradition for business has been an articulation of ethical social principles at both foundational and practical levels, and a vision of a business as a community of persons. *Foundations*, *practice* and *community* are the subjects of the following three sections. Together these provide guidance for true business excellence since they are founded on who the human person is, on what roles and vocations people have in the world, and on what human flourishing can be in business, in the wider community and in our common home.

I. FOUNDATIONAL ETHICAL PRINCIPLES FOR BUSINESS: HUMAN DIGNITY AND THE COMMON GOOD

32. *Human dignity*: At the very foundation of the Church's social tradition stands the conviction that each person, regardless of age, condition, or ability, is an image of God and so endowed with an irreducible dignity or value. Each person is an end in him or herself, never merely an instrument valued only for its utility—a *who*, not a what; a *someone*, not a something.[30] This dignity is possessed simply by virtue of being human. It is never an achievement, nor something bestowed by any human authority; it cannot be lost, forfeited, or justly taken away. All human beings regardless of individual properties and circumstances enjoy this God-given dignity. Moreover, God's imprint extends to all of creation due to the "integral ecology" relationship among persons, creatures and the earth.[31] So when "human dignity" is properly understood, it is incompatible with instrumentalising humans, and it requires integration with the world in which we live.

33. Because of human dignity, each person has the right—indeed the obligation—to pursue his or her vocation and to strive for personal fulfilment in communion with others. In turn, this also entails that each of us has a duty to avoid actions that impede the flourishing of others and, as far as possible, a duty to promote that flourishing, for "we are all really responsible for all".[32]

34. More specifically, human beings demonstrate that they bear the image of the Creator in their capacities to reason and to choose freely as well as in their inclination to share their lives with others (their social nature). Human flourishing, therefore, always involves reasoning well, choosing freely in accord with reason and living in society. Indeed, it is only in community—that is, in communion with others—that a person can genuinely develop in ability, virtue, and holiness. Emphasising *integral ecology*, Francis reminds us to see this communion as global, as including all people (especially the weakest and marginalised) and the natural environment in "universal communion". [33]

UNIAPAC_VOCATION_NOV_2018_EN_PRINT.indd 13 08/11/2018 21:47

35. To be sure, each person has a transcendent destiny to share forever in the life of God. Earthly flourishing will never be complete, but this does not mean that people's earthly circumstances are unimportant. On the contrary, earthly flourishing is an important element of a good human life. Moreover, both the lack and the overabundance of material resources often become obstacles to, or distractions from, the pursuit of virtue and holiness.

36. *Common good*: The social nature of human beings, reflecting the community of the Trinity, points to another foundational principle, the importance of the common good. Vatican II defined the common good in the following way: "the sum total of social conditions which allow people, either as groups or as individuals, to reach their fulfilment more fully and more easily".[34] Common goods are developed between human beings whenever they act purposefully together toward a shared goal. So building a friendship, a family or a business creates a common good shared between friends, family members and all the various people involved in a business. Common goods are possible because we are relational beings who do not only have individual goals, and who do not only grow individually. We also participate in truly *shared* and *common* projects that generate shared goods from which all persons benefit. *The common good* embraces and supports all the goods needed to allow all human beings to develop, personally and communally. This entails a disciplined sensitivity to those on the margins and in particular to the long-term impact our current decisions are having on the environment, not just in our own lifetimes but for future generations.[35]

37. Businesses also produce many of the important conditions that contribute to the common good of the larger society. Their products and services, the jobs they provide, and the economic and social surplus they make available to society, are foundational to the good life of a nation and of humanity as a whole. As examples, ethical funds and microfinance services explicitly address important values. Countries that do not have enough business activity tend to lose their best-trained people to other countries because they cannot see a future for themselves or their families in their present situations. Some societies do not produce enough collective and public goods to ensure human life in dignity. Businesses are therefore essential to the common good of every society and to the whole global order.

38. Truly prosperous businesses and markets depend upon any number of contributions from the larger society. If we think of public goods such as the rule of law, a healthy natural environment, property rights, free and open competition, sound currencies and fiscal policies, and critical transportation and communication infrastructures, we realize that businesses simply cannot operate outside the structures of a good society. Where these public goods are absent or do not function properly, businesses suffer. And it is not only upon sound government that business depends. Even before the state, one needs a healthy moral-cultural environment in which to educate the young, to develop them in skill and virtue, and to prepare them for employment. Benefiting from the resources society makes available, business and commercial activities, in turn, conduct themselves so as to respect and sustain the common good.

39. Businesses also support the well-being of members of society through their other key functions. At the very least, a good business carefully avoids any actions that undermine the local or global common good, which includes individuals, groups, society and the environment. More positively, these businesses actively seek ways to serve genuine human needs within their competence and thus *advance* the common good. In some cases they actively promote more effective regulation on a regional, national, or international level. Consider the danger that destructive business strategies, including corruption, exploitation of employees, or destruction of the natural environment, might lower short-term costs for the perpetrators while leaving the much higher long-term costs to future generations of the local society. If such strategies are legal, they create competitive advantages for

UNIAPAC_VOCATION_NOV_2018_EN_PRINT.indd 14 08/11/2018 21:47

less morally conscious enterprises at the expense of more conscientious competitors, who act morally and thus incur the real, higher costs of such undertakings. Such a "race to the bottom" usually cannot be overcome by individual moral engagement alone; rather it calls for a *better institutional framework* for all participants to act as good corporate citizens in the market.

II. PRACTICAL ETHICAL PRINCIPLES FOR BUSINESS

40. In a market system, respect for human dignity and the common good are foundational principles that should inform the way we organise the labour and capital employed and our processes of innovation, production and distribution. The main purpose of individual businesses and commercial systems is to address real human needs, which is to say the relevant needs of everyone who is served in some way by a business. In particular, there are three interdependent activities that businesses should take up:

1) **Good Goods:** addressing genuine human needs through the creation, development, and production of goods and services;
2) **Good Work:** organising good and productive work; and
3) **Good Wealth:** using resources to create and to share wealth and prosperity in sustainable ways.

41. The Church's social tradition addresses these three interdependent spheres of activity by providing practical principles to help guide decision-makers in the good they may do. Building on the foundational principles, these practical principles aim to respect the multi-cultural and multi-faith situations that are characteristic of business environments today. They also help clarify the vocation of the Christian businessperson and the role of a true business leader.

GOOD GOODS: MEETING THE NEEDS OF THE WORLD THROUGH GOODS AND SERVICES

42. Successful businesses identify and seek to address genuine human needs at a superior level of excellence using a great deal of innovation, creativity and initiative. They produce what has been produced before but often—as in the arenas of medicine, communication, credit, food production, energy, and welfare provision—they invent *entirely new ways of meeting human needs*. And they incrementally improve their products and services, which, where they are genuinely good, improve the quality of people's lives.

43. *In contribution to the common good*:[36] As the *Compendium of the Social Doctrine of the Church* puts it: "Businesses should be characterised by their capacity to serve the common good of society through the production of useful goods and services".[37] Business is inherently other-centred: a business coordinates people's gifts, talents, energies and skills to serve the needs of others. This in turn supports the development of the people who do the work. The tasks they perform in common generate the goods and services needed by a healthy community. "The business leader is not a speculator, but essentially an innovator. The speculator makes it his goal to maximise profit; for him, business is merely a means to an end, and that end is profit. For the speculator, building roads and establishing hospitals or schools is not the goal, but merely a means to the goal of maximum profit. It should be immediately clear that the speculator is not the model of business leader that the Church holds up as an agent and builder of the common good".[38] Rather, the Christian business leader serves the common good by creating goods that are truly good and services that truly serve. The goods and services that businesses produce should meet authentic human needs, so they include not only things with clear social value—such as lifesaving medical devices, microfinance, education, social investment, fair trade products, renewable energy, artistic enterprises, health care, or affordable housing—but also anything that genuinely contributes to human development

UNIAPAC_VOCATION_NOV_2018_EN_PRINT.indd 15 08/11/2018 21:47

and fulfilment while caring for our common home. These range from simple products, such as bolts, tables and fabrics, to complex systems such as waste removal, roads and transportation; to "green businesses" and other sustainable enterprises, especially in areas affected by ecological disasters; and to the transfer of technology to assist communities to adapt to changing natural conditions.

44. In 1931, Pope Pius XI wrote in his encyclical letter, *Quadragesimo Anno*, of the importance of businesses "producing really useful goods" for others.[39] The good entrepreneur is one who "gives first thought to service and second thought to gain, who [. . .] employs workingmen for the creation of goods of true worth; who does not wrong them by demanding that they take part in the creation of futilities, or even harmful and evil things; who offers to the consumer nothing but useful goods and services rather than, taking advantage of the latter's inexperience or weakness, betrays him into spending his money for things he does not need, or that are not only useless but even injurious to him."[40] Needs ought to be contrasted with mere wants, which might be characterised as those desires that are not essential to human well-being. In extreme cases, satisfying mere wants may even be detrimental to human well-being and to the earth, as, for example, in the sale of non-therapeutic drugs, pornography, gambling, and violent video games. This preoccupation with wants, often called "consumerism," severs production and consumption from the common good and impedes the development of the person.[41] Goods that are truly good serve the needs of consumers in a hierarchical order; the need for nutritious goods, for example, clearly outweighs the wants of gambling entertainment. This is an objective order, which is why the production of goods and services must abide by truth instead of mere pleasure or utility.

45. *In solidarity with the poor*: The production of goods and services has "a progressively expanding chain of solidarity", which raises several critical issues and opportunities for the business community.[42] One is the importance of identifying, in a spirit of solidarity, the real needs of the poor and of the vulnerable, including people with special needs. These needs, like those of future generations, are often overlooked in a marketplace driven by short-term profit.[43] The Christian business leader is alert for opportunities to integrate these neglected populations and sees this both as a proper social responsibility and as a great business opportunity. Developments in the field of the "bottom of the pyramid" products and services—such as microenterprises, microcredit, social enterprises, and social investment funds—have played an important role in addressing the needs of the poor. These innovations will not only help to lift people from extreme poverty but could also spark their creativity and entrepreneurship and contribute to launching a dynamic of development.[44] Indeed, as Francis has noted at his World Meetings of Popular Movements, a great deal of economic initiative arises out of social solidarity in many poorer communities, achieving economic, social, and ecological improvements. Business, political, and cultural leaders can show solidarity as well as subsidiarity by helping these initiatives to flourish rather than opposing them.[45]

46. Solidarity with the poor has been a central focus of Francis, in deeds as well as words.[46] He urges business leaders to embrace the Beatitudes as inspiration to develop a deeper sensitivity to the sufferings of others, especially those on the peripheries. He challenges them to act as peacemakers and "to show mercy by refusing to discard people, harm the environment, or seek to win at any cost."[47] Business leaders who prove their genius in the creation of so many innovative products and systems should use equal talent to solve the problems of economic exclusion and inequitable distribution.[48] Moreover, businesses can fight exclusion and inequity in their supply chains and outsourcing activities. The response of suppliers to cost pressures may cause unsafe workplaces, overworked employees, sub-living wages and environmental irresponsibility, especially in developing world countries. An increasing number of businesses recognize that they cannot ignore these problems simply because suppliers are not their own employees. The criterion of justice is as important as product quality and price.

UNIAPAC_VOCATION_NOV_2018_EN_PRINT.indd 16 08/11/2018 21:47

GOOD WORK: ORGANISING GOOD AND PRODUCTIVE WORK

47. Businesses create goods and services and organise the work people do together. Successful businesses design work that is good and effective, efficient and engaging, autonomous and collaborative. The way human work is designed and managed has a significant effect on whether an organisation can compete in the marketplace, whether people will flourish through their work, and whether the environment is looked after. John Paul noted that "whereas at one time the decisive factor of production was *the land*, and later capital—understood as a total complex of the instruments of production—today the decisive factor is increasingly *man himself*, that is, his knowledge, especially his scientific knowledge, his capacity for interrelated and compact organisation, as well as his ability to perceive the needs of others and to satisfy them".[49] With increasing globalisation and a rapidly changing marketplace, the farsighted organisation of work assures a business's agility, responsiveness and dynamism.

48. *Foster dignified work*: "It is a scandal," Pope Pius XI wrote, "when dead matter comes forth from the factory ennobled, while men there are corrupted and degraded".[50] The grandeur of human work not only leads to improved products and services, but also develops the workers themselves. The Catholic social tradition has been particularly outspoken about the nature of work and how it affects the person. John Paul spoke of "the subjective dimension of work", distinguishing it from its "objective dimension". He taught that when people work, they do not simply make more, but they become more. The changes brought about by work cannot be fully accounted for by its objective dimension. The worker, the subject of work, is also greatly affected by his or her own work. Whether we think about executives, farmers, nurses, janitors, engineers, or tradespeople, work changes both the world (objective dimension) and the worker (subjective dimension). Because work changes the person, it can enhance or suppress that person's dignity; it can allow a person to develop or to be damaged. Thus "the sources of the dignity of work are to be sought primarily in the subjective dimension, not in the objective one".[51] When we regard work from that perspective, we should find a joint commitment from both the employer and the employee to elevate work to that splendid vision. It is the union of sound business practice and ethics.

49. Recognising the subjective dimension of work acknowledges its dignity and importance. It helps us to see that work is for the person and not the other way around.[52] Employees are not mere "human resources" or "human capital". Consequently, work must be designed for the capacities and qualities of human beings, and so we must not simply require that people adapt to their work as if they were machines. Good work gives scope for the intelligence and freedom of workers; it promotes social relationships and real collaboration; and it does not damage the health and physical well-being of the worker, let alone spiritual well-being and religious freedom. To arrange good work, leaders need to have the freedom, responsibility, and ability to develop the right person in the right job. Good work is directed toward satisfying genuine human needs so that workers may provide for themselves and their families while also serving the flourishing of others in our common home. Good work must be sufficiently well-organised and managed to be productive so that the worker can indeed earn his or her living. Moreover, reward structures should make sure that those workers who do engage their labour in a sincere way also receive the necessary esteem and compensation from their companies. In the encyclical *Mater et Magistra*, St. John XXIII is perfectly clear on this point: "If the whole structure and organisation of an economic system is such as to compromise human dignity, to lessen a man's sense of responsibility or rob him of opportunity for exercising personal initiative, then such a system, We maintain, is altogether unjust—no matter how much wealth it produces, or how justly and equitably such wealth is distributed".[53]

UNIAPAC_VOCATION_NOV_2018_EN_PRINT.indd 17 08/11/2018 21:47

50. *Create participatory structures*: The principle of subsidiarity is rooted in the conviction that, as images of God, the flourishing of human beings entails the best use of their gifts and freedom. Human dignity is never respected by unnecessarily constraining or suppressing gifts and freedom. The principle of subsidiarity recognises that in human societies, smaller communities exist within larger ones. For example, a family, itself a small community, is part of a village or a city, which in turn is part of a county, a state, or province, then a nation. The principle insists that the gifts and freedom of those closest to the effects to be felt should not be arbitrarily disregarded. And in addition to respect, as John Paul pointed out, subsidiarity is to be complemented by solidarity when support is required: "a community of a higher order should not interfere in the internal life of a community of a lower order, depriving the latter of its functions, but rather should support it in case of need and help to coordinate its activity with the activities of the rest of society, always with a view to the common good".[54]

51. The principle of subsidiarity, usually applied to the structures of the state, applies as well to business organisations. We develop best in our work when we use our gifts and freedom to achieve shared goals and to create and sustain right relationships with one another and with those served by the organisation. In other words, the more participatory the workplace, the more likely all workers will be to develop their gifts and talents. Employees should have a voice in their work, especially in the day-to-day work. This fosters initiative, innovation, creativity, and a sense of shared responsibility.

52. The principle of subsidiarity offers business leaders great insights. It encourages them to use their authority to serve the development of all their employees. Specifically, this principle engages business leaders in three related responsibilities:

1) To define the scope of autonomy and decision making at every level in the company. The business leader should allow these to be as significant as possible, but set clear limits so that decision rights do not exceed a person or group's access to the information required to make the decision, and so that their decisions do not have consequences beyond their realm of responsibility.
2) To provide employees the needed tools and training and to ensure that they have the knowledge and skills to carry out their tasks.
3) To establish a corporate culture of trust so that those to whom tasks and responsibilities have been given will make their decisions with genuine freedom. The company informed by subsidiarity nurtures mutual respect and shared responsibility among all personnel. It allows employees to clearly appreciate the link between good results and their sincere engagement.

This last point about decision-making is what distinguishes subsidiarity from delegation. Someone who delegates confers responsibility or decision-making power, but it can be taken back at any time. So delegation does not call employees to the same level of excellence and genuine engagement as do arrangements governed by the principle of subsidiarity, and thus, the employees are less likely to grow and to accept their full responsibility.

53. Under the principle of subsidiarity, employees on a lower level who are trusted, trained, and experienced, know precisely the extent of their responsibilities, and are free to make decisions, can fully use their freedom and intelligence, and thus are enabled to develop as people; they are indeed "co-entrepreneurs". For business leaders on every level, from team leader up to chief executive, this is very demanding but rewarding. Working under the principle of subsidiarity calls for restraint and a humble acceptance of the role of a servant leader.

GOOD WEALTH: CREATING SUSTAINABLE WEALTH AND DISTRIBUTING IT JUSTLY

54. Entrepreneurs exercise their creativity to organise the talents and energies of labour and to assemble capital and other resources from the earth's abundance to produce goods and services. When this is done effectively, well-paying jobs

UNIAPAC_VOCATION_NOV_2018_EN_PRINT.indd 18 08/11/2018 21:47

are created, profit is realised, the resulting wealth is shared with investors, and everyone involved excels. In fact, "The Church acknowledges the legitimate role of profit as an indicator that a business is functioning well. When a firm makes a profit, it generally means that the factors of production have been properly employed and corresponding human needs have been duly satisfied."[55] A profitable business, by creating wealth and promoting prosperity, helps individuals excel and realise the common good of a society. Yet creating wealth is not restricted to financial profit alone. The very etymology of the word "wealth" reveals the broader notion of "well-being": the physical, mental, psychological, moral, and spiritual well-being of others. The economic value of wealth is inextricably linked to this wider notion of well-being of all in our common home.

55. *Stewarding resources*: Scripture teaches that good stewards are creative and productive with the resources placed in their care.[56] They do not merely take from creation's abundance; instead they use their talents and skills to produce more from what has been given to them. One manifestation of this within the business context is financial profit—the surplus of retained earnings over expenses—which allows an organisation to be financially sustainable, to conduct research and to innovate. The best business leaders use resources effectively and maintain reasonable levels of revenue, margin, market share, productivity, and efficiency, in order to ensure the viability of the organisation. If financial wealth is not created, it cannot be distributed and organisations cannot be sustained.

56. While profitability is an indicator of organisational health, it is neither the only one, nor the most important indicator by which business should be judged.[57] Profit is necessary to sustain a business; however, "once profit becomes the exclusive focus, if it is produced by improper means and without the common good as its end, it risks destroying prosperity and creating poverty".[58] Profit is like food. An organism must eat, but that is not the overriding purpose of its existence. Profit is a good servant, but it makes a poor master.

57. Just as financial resources are important, so too is stewardship of the environment, both physical and cultural. As Benedict wrote, "The environment is God's gift to everyone, and in our use of it we have a responsibility towards the poor, towards future generations and towards humanity as a whole".[59] Creation is endowed with an order that we discover but do not create. Living creatures and the natural world may reasonably be employed to serve genuine human needs. As collaborators with God in the unfolding of creation, however, we have a duty to respect and not to attack the world around us. We are free to cultivate this world but not to devastate it. Or as the early chapters of Genesis suggest, we are called to exercise a careful "dominion" over the world, to "till and keep", to cultivate creation and make it fruitful, but we do not have license to exploit it as we please. Business leaders must honestly appraise whether or not we "have *tilled* too much and *kept* too little".[60] As Francis teaches, we need to ask ourselves if we are *caring* for *our common home*.

58. *Distribute justly*: As creators of wealth and prosperity, businesses and their leaders must find ways to make a just distribution of this wealth to employees (following the principle of the right to a just wage), customers (just prices), owners (just returns), suppliers (just prices), and the community (just tax payments and other contributions to the community).[61] This applies at every size and level, from the smallest local business to worldwide enterprises. At the level of global solidarity, this distribution can include investing in sustainable businesses and transferring technology in areas affected by ecological disasters so that affected communities, which are often among the poorest, can adapt themselves to the tougher natural conditions of their own environments.

59. If one accepts that God's creation is intended for everyone— rich and poor, powerful and weak, now and in the future—then it follows that all resources are conferred on humankind with a "social mortgage".[62] The Catholic social tradition understands this obligation as applying to property as well as capital. While property and

UNIAPAC_VOCATION_NOV_2018_EN_PRINT.indd 19 08/11/2018 21:47

capital should as a rule be privately held, the right to private property should be "subordinated to the right to common use, to the fact that goods are meant for everyone".[63] This principle urges business leaders to consider the distributive effect of the way they set prices, allocate wages, share ownership, distribute dividends, manage payables, and so on. Their decisions should aim not at an *equal* but at a *just* distribution of wealth, which meets people's needs, rewards their contributions and risks, and preserves and promotes the organisation's financial health. Denying people legitimate access to the fruits of the earth, especially the means to sustain life, amounts to a negation of God's command to humanity to discover, cultivate, and use its gifts.

60. The "costs of doing business" must also be distributed fairly. The Church has been particularly concerned if businesses do not bear a just share of the environmental and human costs of their production and consumption. The costs must then be borne by the wider public and future generations, and often disproportionally by the poor. The Church is also concerned if excessive bureaucracy and taxes stifle businesses to the point that new jobs are no longer created. The negative consequences are felt disproportionally by the poor through job losses and decreased opportunities for small businesses. *Laudato Si'* also points out that the poor suffer more from environmental and cultural exploitation than the rich; for instance, they are more likely to live in hazardous areas with poor water and air quality. Economists call these costs "negative externalities," which have the effect of socializing costs of production but privatizing its profits. This is why Francis calls for an integral ecology that addresses both economic and cultural inequality.[64]

SIX PRACTICAL PRINCIPLES FOR BUSINESS

The principles of **human dignity** and the **common good** are the foundations of the Church's social teaching. Joined with the six practical principles for business, they can offer more specific guidance on the three broad business objectives of *good goods*, *good work*, and *good wealth*.

Good Goods: Meeting the Needs of the World through the Creation and Development of Goods and Services

1. *Businesses **contribute to the common good** by producing goods that are truly good and services that truly serve.*
2. *Businesses maintain **solidarity** with the poor by being alert for opportunities to serve deprived and underserved populations and people in need and by removing obstacles that prevent the excluded from participating in the economy.*

Good Work: Organising Good and Productive Work

3. *Businesses make a contribution to the community by fostering the special **dignity of human work**.*
4. *Businesses that embrace **subsidiarity** provide opportunities for employees to exercise their gifts as they contribute to the mission of the organisation.*

Good Wealth: Creating Sustainable Wealth and Distributing it Justly

5. *Businesses model **stewardship** of the resources under their control—whether capital, human, or environmental—in order to take care of humanity's common social and natural home.*
6. *Businesses are **just** in the allocation of benefits to all stakeholders (employees, customers, investors, suppliers, and the community) and in how they bear the costs of their business operations.*

UNIAPAC_VOCATION_NOV_2018_EN_PRINT.indd 20 08/11/2018 21:47

III. BUSINESS AS A COMMUNITY OF PERSONS

61. These *Six Practical Principles for Business* point us to the purpose of business, which John Paul stated "is not simply to make a profit, but is to be found in its very existence as a *community of persons* who in various ways are endeavouring to satisfy their basic needs, and who form a particular group at the service of the whole of society".[65] While the phrase "community of persons" is not common in business literature today, it actually best expresses the full realisation of what a company and corporation can be. The etymology of the words "company" and "companions"—*cum* (with), and *panis* (bread)—suggests "breaking bread together". The etymology of the word "corporation"—the Latin *corpus* (body)—suggests a group of people "united in one body". This is the ideal when relatives join together in a family business. And reflecting the love that wants every family member to flourish, family business leaders might tailor work opportunities to marginalized and disadvantaged groups.[66]

62. When we consider a business organisation as a community of persons, it becomes clear that the common bonds between us are not merely legal contracts or mutual self-interests, but commitments to real goods, shared with others to serve the world. It is dangerous and misinformed simply to consider business as a "collection of shares", where self-interests, contracts, utility and maximisation of financial profit sum up its entire meaning.[67] An inherent characteristic of work is that "it first and foremost unites people. Therein lies its social power: the power to build a community".[68] This understanding helps avoid the spiritual poverty that often arises in market economies from a lack of human relationships within and around a business.[69]

63. Building a company as a community of persons based on the six practical principles is no easy task. Large multinational corporations in particular can find it challenging to create practices and policies to foster a community of persons among their members. Yet leaders in large or small firms are greatly helped by the practice of personal virtue, those life-enhancing habits and qualities of character essential to any profession. Two very important virtues for the business professional, which we discuss in further detail in the next section, are practical wisdom and justice. There is no substitute in practice for sound judgment (practical wisdom) and right relationships (justice). The six practical principles do not provide all that is needed for good judgment in response to the challenges of daily work. They do not provide blueprints or technical solutions, nor are they meant to do so. Ethical social principles, illuminated for Christians by the Gospel, provide direction for good businesses, but the navigation falls to the seasoned and intelligent judgments of virtuous business leaders who can wisely manage the complexity and tensions arising in particular cases.

"WITNESS OF ACTIONS": TAKING ASPIRATION INTO PRACTICE

64. "Today more than ever," wrote John Paul, "the Church is aware that her social message will gain credibility more immediately from the *witness of actions* than as a result of its internal logic and consistency".[70] These witnesses of action, the great majority of whom are among the lay faithful, are not "solely passive beneficiaries but are the protagonists of the Church's social doctrine at the vital moment of its implementation. They are also valuable collaborators of the pastors in its formulation, thanks to the experience they have acquired in the field and to their own specific skills".[71]

65. Christian business leaders are men and women of action who have demonstrated an authentic entrepreneurial spirit, one that recognises the God-given responsibility to accept the vocation of business generously and faithfully. These leaders are motivated by much more than financial success, enlightened self-interest, or an abstract social contract as often prescribed by economic literature and management textbooks. Faith enables Christian business leaders to see a much larger world, a world in which God is at work, and where their individual interests and desires are not the sole

UNIAPAC_VOCATION_NOV_2018_EN_PRINT.indd 21 08/11/2018 21:47

driving force. The Church's teachings inspire business leaders to view God as being at work throughout His creation and their own vocation as a call to directly and respectfully contribute to this creation.

66. Business leaders are supported and guided by the Church as well as by Christian business organisations to live out the Gospel in the world.[72] Without these practitioners and the organisations that support them, in the past and today, the Catholic social tradition would become lifeless words rather than a lived reality. As St James tells us, faith without works is dead (Jas 2:17).

67. Unfortunately, there are people of faith within the world of business whose actions have failed to witness to and be inspired by their faith and moral convictions. There have been many scandals involving leaders who have misused their positions of authority and leadership. They have succumbed to sins of pride, greed, lust, and other deadly vices.[73] It is not only these major cases that are so painful to see; what is also tragic is that there are Christians who, while not committing illegal or scandalous activities, have accommodated themselves to the world, living as if God does not exist, showing indifference to the social and ecological tragedies of our time.[74] They not only live *in* the world, but they have become *of* the world. When Christian business leaders fail to live the Gospel in their organisations, their lives "conceal rather than reveal the authentic face of God and religion".[75]

68. Faith has social implications; it is not merely a private reality. The Church's social doctrine is "an essential part of the Christian message, since this doctrine points out the direct consequences of that message in the life of society and situates daily work and struggles for justice in the context of bearing witness to Christ the saviour".[76] The social principles of the Church call upon business leaders to act, and because of the current challenging environment, how they act is more important than ever.

69. Benedict's *Caritas in Veritate* provides a vision for action. He explains that charity—"love received and given"—is at the heart of the social teachings of the Church.[77] Charity "is the principal driving force behind the authentic development of every person and of all humanity".[78] So when we speak of business leaders acting, this implies both "receiving" and "giving". Francis echoes this when he writes: "we are called to include in our work a dimension of receptivity and gratuity, which is quite different from mere inactivity. Rather, it is another way of working, which forms part of our very essence".[79]

70. *Receiving*: The first act of the Christian business leader, as of all Christians, is to receive; more specifically, to receive *what God has done for him or her*. This act of receptivity can be very difficult, particularly for business leaders. As a group, business leaders tend to be more active than receptive, especially now in a globalised economy, and under the effects of sophisticated communications technologies and the financialisation of business. Yet without receptivity in their lives, business leaders can be tempted by a sort of "superman" complex. The temptation for some is to regard themselves as *determining* and *creating* their own principles, not as *receiving* them.[80] Business leaders may only see themselves as creative, innovative, active, and constructive, but if they neglect the dimension of receiving, they distort their place within the world and overvalue their own achievements and work.

71. Benedict, prior to his papacy, wrote that the person "comes in the profoundest sense to himself not through what he does but through what he accepts",[81] not through what he achieves but through what he receives. Indeed, human accomplishment taken alone leads only to partial fulfilment; one must also know the power and grace of receptivity. This refusal to receive is found in our origins, in the story of the fall of Adam and Eve, when God commanded them not to eat "of the tree of the knowledge of good and evil" (Gen 2:17). The moral law is given by God, and we can only receive it.[82] The social principles of the Church explained above are the Church's reflection on this moral law for business. When business

UNIAPAC_VOCATION_NOV_2018_EN_PRINT.indd 22 08/11/2018 21:47

leaders receive their vocation, they are also open to receiving principles that foster the integral development of those affected by the business.

72. When the gifts of the spiritual life are embraced and integrated into the active life, they provide the grace needed to overcome the divided life and to humanise us, especially in our work. The Church calls the Christian business leader to receive the sacraments, to embrace and be inspired by the Scriptures, to honour the Sabbath, to pray, to contemplate creation,[83] to participate in silence and in other disciplines of the spiritual life.[84] These are not optional actions for a Christian, not mere private acts separated and disconnected from business. For example, the sacrament of reconciliation stimulates us to acknowledge error; this self-criticism may lead to changing our hearts and minds and gaining the benefit of lessons learned.

73. The Sabbath is not simply a break from work. Detaching ourselves from work helps us to see its deepest meaning. In the words of Benedict, "the biblical teaching on work finds its coronation in the commandment to rest".[85] To rest in God places our work in a new context—the context of the continuous unfolding of God's abundant gift of creation. Sacramental worship is not an *escape* from the world of business—it gives us the space to see more deeply into the *reality* of the world and to contemplate God's work. God's revelation, which can only be received and not achieved, discloses that His Spirit pervades materiality, that grace perfects nature, and that worship makes work holy. For Francis our Sunday participation in the Eucharist has special importance. Sunday, like the Jewish Sabbath, is meant to be a day which heals our relationships with God, with ourselves, with others and with the world.... Christian spirituality incorporates the value of relaxation and festivity. We tend to demean contemplative rest as something unproductive and unnecessary, but this is to do away with the very thing which is most important about work: its meaning.... Rest opens our eyes to the larger picture and gives us renewed sensitivity to the rights of others. And so the day of rest, centred on the Eucharist, sheds its light on the whole week, and motivates us to greater concern for nature and the poor."[86] This is why the Eucharist is the most profound expression of the Sabbath. It is where we see most deeply and most profoundly "the work of human hands" in cooperation with the salvific work of God: in human work, elevated by divine work, the bread and the wine are transformed into the Real Presence, a presence that has the power to redeem the world.[87]

74. The divine dimension in our daily lives can be hidden and repressed, especially in a globalised, highly technological and financially driven economy, and in situations in which the Church fails to preach and live its social message. This is why John Paul asks business leaders and employees to develop a spirituality of work, enabling them to see their role in God's creative and redemptive purpose and giving them the strength and virtue to live out His call.[88] Pope Francis explains, however, that "without prolonged moments of adoration, of prayerful encounter with the word, of sincere conversation with the Lord, our work easily becomes meaningless; we lose energy as a result of weariness and difficulties, and our fervour dies out".[89] Without a deep well of spiritual contemplation and reflection, it is hard to see, for example, how business leaders can resist the negative dimensions of information technology that drive speed and efficiency at the expense of thoughtful reflection, patience, justice, and practical wisdom.

75. *Giving*: The second act to which the Church calls the business leader is *giving* in a way that *responds* to what has been received. This giving is never merely the legal minimum; it must be an authentic entry into communion with others to make the world a better place. The self-gift of the person inquires not "how far it *must* go, but how far it *may* go".[90] Giving moves business leaders to profound questions about their vocation: How does receptivity to God's love animate the relationships of the various stakeholders of a business? What kind of business policies and practices will foster the integral development of people now and in future generations?

UNIAPAC_VOCATION_NOV_2018_EN_PRINT.indd 23 08/11/2018 21:47

76. We have observed business leaders who give of themselves through the goods and services they create and provide, as they organise good and productive work, and as they create sustainable wealth and distribute it justly. The social principles of the Church help orient the institution of business toward a set of behaviours that foster the integral development of people. This means practices and policies that promote personal responsibility, innovation, fair pricing, just compensation, humane job design, responsible environmental practices, and socially responsible (or ethical) investment. It also requires a prudent application of social principles to hiring, firing, ownership, board governance, employee training, leadership formation, supplier relations, and a host of other issues.

77. In addition to these internal opportunities, business leaders (alongside governments and non-governmental organisations) influence larger issues such as international regulations, anti-corruption practices, transparency, taxation policies, and environmental and labour standards. They should use this influence, individually and collectively, to promote human dignity and the common good and not merely the particular interest of any one stakeholder.

78. The place of the Church is to provide business leaders with fundamental and practical principles to consider in their decisions, but not to prescribe particular courses of action. Prescription—the work of practitioners and their expert advisors—is largely carried out by lay people. The Church's magisterium does not have technical solutions to offer or models to present; yet, the Church teaches that "there can be no genuine solution of the 'social question' apart from the Gospel".[91] When the Pope and the bishops, the official teachers within the Church, preach its social doctrine to business leaders, it is not to impose a burden upon them but to reveal to them the spiritual importance of their actions and the social significance of business as an institution. As Benedict says in *Caritas in Veritate*: "Man's earthly activity, when inspired and sustained by charity, contributes to the building of the universal city of God, which is the goal of the history of the human family".[92] When the Gospel informs the new environment that the business leader faces in our increasingly global, technological, and financially-based economy, it sees them not simply in their technical or market dimensions, but in their influence on the integral development of the person.

79. This is why an important part of the vocation of Christian business leaders is the practice of virtues, especially the virtues of wisdom and justice. Wise business leaders act virtuously in their practical affairs, cultivating wisdom in concrete practices and policies, not just in abstract mission statements. This is what makes it *practical* wisdom: institutionalising effective and just practices that foster right relationships with stakeholders, and putting the social principles of the Church into practice in creative ways that humanise the organisation. The world needs the unique form of wisdom possessed by business leaders.

80. When business leaders face particular problems that need specific solutions, their actions are informed by "a *prudential* evaluation of each situation".[93] This prudential judgment is not only a market-based or technical assessment. Prudence has often been reduced to the clever actions of leaders that advance their own private interests. This is not the virtue of prudence but a vice if separated from the requirements of justice. True prudence informs the mind of the business leader by asking the right questions at the right time and discerning the best courses of action for building good and just companies that can contribute to the common good. Good family businesses may exhibit this prudence in several ways. They nurture their assets for the long term rather than focusing on short-term profit. To prepare the next generation to take over, they pass on their vision and values. And with the reputation and quality of life of the family at stake, they act responsibly in the surrounding community, the "common home" for the current and future generations.

UNIAPAC_VOCATION_NOV_2018_EN_PRINT.indd 24 08/11/2018 21:47

81. Developing a prudential mind entails recognising the available resources of the organisation and understanding its unique circumstances. Practical wisdom requires that the *ought* of ethical social principles be translated into realistic, attainable and concrete options, given available means and resources. Wise and practical teaching regarding a living wage, for example, always implies a wage that is sustainable for an enterprise. If, however, a living wage is not immediately sustainable for a business, virtuous businesspeople do not stop there and simply defer to market forces. They rethink how they are doing business and how they can change their situation creatively so as to be in right relationships with their employees. This could mean changes at the level of work organisation or job design; it could mean moving into different product markets, or rethinking pay differentials. If it is not possible for a company to reach a just wage after having made such efforts, it then becomes the role of indirect employers such as the state, unions, and other actors to supplement the company's efforts.[94]

82. As important as indirect employers are within the economy, they must never displace the responsibility of the direct employer. Companies must not abdicate their responsibility completely, for example, to the law or to a contract. As a direct employer, the virtues of practical wisdom and justice help the business leader to see the increasing importance of businesses' social responsibility in a globalised economy. At this time in our history, as Benedict explains, there is "a growing conviction that *business management cannot concern itself only with the interests of the proprietors, but must also assume responsibility for all the other stakeholders who contribute to the life of the business*: the workers, the clients, the suppliers of various elements of production, the community of reference".[95] This growing conviction has produced a significant amount of theory and practice in business ethics and corporate social responsibility as well as the creation of social enterprises. In many countries, we see that subsidiary processes of self-regulation are taking place in the context of business associations and branch federations on a regional, national, or international level. Many regulations for protecting customers, employees, or the environment are grounded in the business sector itself, even if they may need to be reinforced by government regulation. The practical wisdom of entrepreneurs already plays an important role here, not least to show that the Catholic social tradition has much to learn from these fields of thought and action—and much to offer them.

83. When business ethics and corporate social responsibility are invoked to do what is contradictory to the Church's social doctrine, they have disconnected us from a proper recognition that we are made "in the image of God" (Gen 1:27), and they lead us to fail to appreciate "the inviolable dignity of the human person and the transcendent value of natural moral norms. When business ethics prescinds from these two pillars, it inevitably risks losing its distinctive nature and it falls prey to forms of exploitation".[96] When not grounded in the deep soil of human culture, business ethics and corporate social responsibility may stray into uses that fail to promote integral human development within business.

84. Giving and receiving express the complementarity of the active and contemplative life. These two fundamental dimensions of our lives call not principally for balancing, but for a profound integration born of the realization that we need God and that God has done great things for us. In return, God asks us to be His hands and feet, to continue His creation and make it better for others. For the business leader, this entails creating goods that are truly good and services that truly serve; organising work where employees develop their gifts and talents; and creating sustainable wealth that can be distributed justly while respecting our common home. (See the *Appendix* for "An Examination of Conscience for the Business Leader", which reflects on these three objectives in day-to-day life.)

UNIAPAC_VOCATION_NOV_2018_EN_PRINT.indd 25 08/11/2018 21:47

CONCLUSION

85. In concluding this reflection, we acknowledge that the challenges confronting business leaders are substantial. They may be tempted by self-doubt about their personal ability to integrate the Gospel within their daily work. Weighed down by the pressures that often confront them, business leaders may wonder whether the Church's social tradition can offer guidance in their professional lives.

86. Business leaders need to be open to receiving support and correction from fellow members of the living Church, responding to their doubts and hesitations not with fear or cynicism, but with the virtues coming from their vocation:

- *with faith* that sees their actions not just in terms of the impact on the bottom line, but in the larger context of the impact of those actions, in collaboration with others, on themselves and the world and as part of God's ongoing creation;
- *with hope* that their work and institutions will not be determined solely by market forces or legal constructs, but rather that their actions will give witness to God's kingdom;
- *with love*, so that their work is not merely an exercise in self-interest, but a cultivation of relationships, building communities of people.

87. To live out their vocation as faithful stewards to their calling, businesspeople need to be formed in a familial and religious culture that shows them the possibilities and promise of the good they can do and ought to do—the good that is distinctively theirs. Family, Church, and school are critical institutions in this formation. Like all people, Christian business leaders come into the world as a result of God's gift of life to us, not through a contract or a market exchange. No person is born into a corporation, but into a family. They are baptised in a church, educated in schools, and welcomed into a community. And as Francis reminds us, "The family is the principal agent of an integral ecology, because it is the primary social subject which contains within it the two fundamental principles of human civilization on earth: the principle of communion and the principle of fruitfulness."[97]

88. One critical part of this formation is university education, where future business leaders are often first introduced to the experiences, skills, principles, and purposes of business. With close to 1,800 institutions of higher learning world-wide, and approximately 800 of these with business programs, the Church has invested herself in the formation of future business leaders. Some of these programs rank among the best in the world. Business education in Catholic institutions of higher learning should seek the unity of knowledge and a rich dialogue between faith and reason, which provides the resources to meet new challenges found in business and the wider culture.[98] Formation is a lifelong task. Business people can continue to nurture their vocation informally through bonds of friendship with peers and in appropriate associations, business school alumni networks, and other similar groups that supplement the university-based early education.

UNIAPAC_VOCATION_NOV_2018_EN_PRINT.indd 26 08/11/2018 21:47

89. An education in business, like every professional education, does not merely constitute training in specific skills or theories. Faithful to its own tradition, Catholic higher education should be a formation in the moral teaching and social principles of the Church, and the dimensions of prudence and justice that belong to business. A proper business education includes all appropriate theoretical material, training in every relevant skill, and a thorough treatment of the moral teaching and social principles of the Church that must animate professional practice. Exaggerated emphasis in one of these areas cannot compensate for the neglect of another.

90. In our own time, business students are informed by powerful theories and highly trained in technical skills; but some unfortunately leave university without the ethical and spiritual formation that would ensure that their insights and skills are used for the welfare of others and the support of the common good. Indeed, some leave with a formation that predisposes them to live the divided life rather than giving them the fundamentals for an integrated life. Consideration of the ideas presented here can contribute to a more complete formation of these students, educating them to be highly principled and effective business leaders. Teachers need to inspire their students to discover the good that is within them and to follow their call to use their professional skills and judgment as forces for good in the world.

91. Entrepreneurs, managers, and all who work in business, should be encouraged to recognise their work as a true vocation and to respond to God's call in the spirit of true discipleship. In doing so, they engage in the noble task of serving their brothers and sisters and of building up the Kingdom of God. This message has the aim of providing inspiration and encouragement to business leaders, calling them to constantly deepen their faithfulness at work. We are inspired by the many contributions that lay leaders and business professionals have made to the implementation of the Church's social doctrine. We invite educators and catechists at parochial and diocesan levels, and specifically business educators, to make use of this document with their students, inspiring them to respect and encourage human dignity and to pursue the common good in their management undertakings. We hope that this message will stimulate discussions in businesses and universities, helping business leaders, faculty and students to: *see* the challenges and opportunities in the world of work; *judge* them according to the social principles of the Church; and *act* as leaders who serve God.

UNIAPAC_VOCATION_NOV_2018_EN_PRINT.indd 27 08/11/2018 21:47

APPENDIX

A DISCERNMENT CHECKLIST FOR THE BUSINESS LEADER

- Do I see work as a gift from God?
- Is my work as a "co-creator" truly a participation in God's original and continuing creative act?
- Do I promote a culture of life through my work?
- Do I suspend "doing" from time to time in order to find renewed strength by "contemplating" God's creation?
- Am I living an integrated life or is it divided, separating Gospel principles from my work?
- Am I receiving the sacraments regularly and with attention to how they support and inform my business practices? Do I reflect honestly and humbly on those practices with the help of the Sacrament of Reconciliation?
- Am I reading the Scriptures and praying with the will to avoid the risk of a divided life?
- Am I sharing my spiritual path with other Christian business practitioners (my peers)?
- Am I seeking to nourish my business life by learning more about the Church's social teaching?
- Do I respect the dignity of persons and their integral development in all of creation, our common home?

MEETING THE NEEDS OF THE WORLD

- Am I creating wealth, or am I engaging in rent-seeking behaviour?
- Do I truly accept the competitive market economy or am I engaging in anti-competitive practices?
- Does my business support and comply with intelligent regulations that benefit the world, or does it try to avoid or undermine legitimate regulations for its own selfish reasons?
- Is my company making every reasonable effort to take responsibility for externalities and unintended consequences of its activities (such as environmental damage or other negative effects on suppliers, local communities, and even competitors)?
- Do I recognise the importance of strong and lively "indirect employers" to ensure the right levels of labour protection and community dialogue?
- Do I assign technological and financial considerations their proper place in business planning, or do these considerations overwhelm attention to the common good?
- Do I regularly assess the degree to which my company provides products or services that address genuine human needs and foster responsible consumption?
- Do my corporate decisions take into consideration the dignity of the human person and respect for God's creation (thus promoting integral human development within business)? Do I refuse to make corporate decisions that treat people and nature merely as things to be used?

UNIAPAC_VOCATION_NOV_2018_EN_PRINT.indd 28 08/11/2018 21:47

ORGANISING GOOD AND PRODUCTIVE WORK

- Do I provide working conditions that allow my employees appropriate autonomy at each level? In other words, when I organise human resources, am I mindful of the principles of subsidiarity and solidarity in my company management system?
- Are jobs and responsibilities in my company designed to draw upon the full talents and skills of those doing the jobs?
- Have employees been selected and trained to be able to meet their responsibilities fully?
- Have these responsibilities and their scope been clearly defined?
- Am I making sure that the company provides safe working conditions, living wages, training, and the opportunity for employees to organise themselves?
- Have I defined the company's ethical principles and embedded them into the performance measurement process? Am I honest with my employees about their performance?
- In all countries where my company is engaged, is it honouring the dignity of employees and of those indirectly employed? Is it contributing to the development of the communities hosting these operations? (Do I follow the same standard of morality in all geographic locations?)
- Do I place the dignity of all workers and respect for nature above profit?
- Does my business take a sufficiently long-term view of costs and profits in order to consider environmental and social effects appropriately?

CREATING SUSTAINABLE WEALTH AND DISTRIBUTING IT JUSTLY

- As a business leader, am I seeking ways to deliver fair returns to investors, fair wages to employees, fair prices to customers and suppliers, and fair taxes to local communities? Does my company provide rewards to all the participants and stakeholders who contribute to its success, not just to the owners?
- Does my company honour all its fiduciary obligations to investors and to local communities with regular and truthful financial reporting?
- In anticipation of economic difficulties, is my company taking care that employees remain employable through appropriate training and variety in their work experiences?
- When economic difficulties demand layoffs, is my company giving adequate notification, employee transition assistance, and severance pay?
- Does my company make every effort to reduce or eliminate waste in its operations, and in general to honour its responsibility for the natural environment?
- Do I seek ways to improve the lives of others by how my company purchases its supplies?

IN SUMMARY

- **As a Christian business leader, am I promoting human dignity and the common good in my sphere of influence?**
- **Am I supporting the culture of life; justice; international regulations; transparency; civic, environmental, and labour standards; and the fight against corruption?**
- **Am I promoting the integral development of the person and respect of nature in my company and its sphere of influence?**
- **Do I accept the challenge of conversion to ever greater goodness and holiness in my personal life, my business role, and the communities where I am involved and have influence?**[99]

UNIAPAC_VOCATION_NOV_2018_EN_PRINT.indd 29 08/11/2018 21:47

ENDNOTES

[1] I sincerely thank the many individuals who have contributed their wisdom, skills and energy to this publication. The coordinators of the original Vocation of a Business Leader were Dr. Michael J. NAUGHTON, Professor and Director of the Center for Catholic Studies, University of St. Thomas, Saint Paul, Minnesota, U.S.A.; and Sr. Helen ALFORD, O.P., Vice Rector of the Pontifical University of St. Thomas Aquinas (*Angelicum*), Rome.

The coordinators of the current edition are Robert CZERNY, Agora Management Associates, Ottawa, Canada; Dr. Augusto Zampini DAVIES, Dicastery for the Promotion of Integral Human Development, Vatican; Pierre LECOCQ, past president of UNIAPAC (International Union of Christian Business Executives Associations) and of INERGY Automotive Systems, Paris, France; and Michael NAUGHTON.

The following individuals contributed to the current and past editions: William BOWMAN, Dean, Busch School of Business, Catholic University of America, Washington; Fr. Michael CZERNY S.J., Under-Secretary, Migrants and Refugees Section, Integral Human Development, Vatican; John DALLA COSTA, Centre for Ethical Orientation, Toronto, Canada and Sansepolcro, Italy; Msgr. Anthony FRONTIERO S.T.D.. Vice Rector and Director of Human Formation, Mount St. Mary's University, Maryland, U.S.A: Dr. Kenneth GOODPASTER, Endowed Chair in Business Ethics, Emeritus, University of St. Thomas, Saint Paul, Minnesota, U.S.A.; Dr. André HABISCH, Professor of Christian Social Ethics and Social Policy, Catholic University of Eichstätt-Ingolstadt, Germany, Scientific Consultant of the German Union of Catholic Entrepreneurs BKU; Dr. Robert KENNEDY, Professor, Department of Catholic Studies, University of St. Thomas, Saint Paul, Minnesota, U.S.A.; Rolando MEDEIROS, President, UNIAPAC; Rev. Domènec MELÉ, Chair of Business Ethics, University of Navarra, IESE Business School, Barcelona, Spain; Msgr. Martin Schlag, Professor, Director, John A. Ryan Institute for Catholic Social Thought of the Center for Catholic Studies, University of St. Thomas, Saint Paul, Minnesota, U.S.A. and Director, Markets, Culture and Ethics Research Centre at the Pontifical University of the Holy Cross, Rome; Caroline Seow, Head, Sustainability, Family Business Network International, Singapore; Andreas WIDMER, Director of the Ciocca Center for Principled Entrepreneurship, Busch School of Business, Catholic University of America, Washington; Martin J. WILDE, Director, Don Bosco Mondo, Bonn; Carolyn WOO, former president and CEO of Catholic Relief Services, U.S.A.; Dr. Stefano ZAMAGNI, former Professor of Economics, University of Bologna, and adjunct professor, John Hopkins University, SAIS Europe.

The following assisted in editing and producing various editions: Elizabeth KELLY, Mary CHILD, Mark HARRINGTON, Mary Kay O'ROURKE, and Nancy SANNERUD. A special thanks to the John A. Ryan Institute for financing the production of the English version.

[2] Francis, *Laudato Si'*, encyclical letter (2015), 81 and 129.

[3] See Benedict XVI, *Caritas in Veritate*, encyclical letter (2009), 38, 40. See also Address of Pope Francis to Representatives of the Confederation of Italian Cooperatives, at the Vatican on February 28, 2015.

[4] Francis, *Evangelii Gaudium*, encyclical letter (2013), 203.

[5] John Paul II, *Laborem Exercens*, encyclical letter (1981), 25.

[6] *Laudato Si'*, 6.

[7] Second Vatican Council, *Gaudium et Spes*: Pastoral Constitution on the Church in the Modern World (1965), 43.

[8] Deuteronomy 5:6–8: "I am the Lord your God, who brought you out of the land of Egypt, out of the house of slavery; you shall have no other gods before me. You shall not make for yourself an idol, whether in the form of anything that is in heaven above, or that is on the earth beneath, or that is in the water under the earth."

[9] *Caritas in Veritate*, 71.

[10] "Since the world has been given to us, we can no longer view reality in a purely util¬itarian way, in which efficiency and productivity are entirely geared to our individual benefit. Intergenerational solidarity is not optional, but rather a basic question of justice, since the world we have received also belongs to those who will follow us." *Laudato Si'*, 159.

[11] "Entranced by an exclusive reliance on technology, reason without faith is doomed to flounder in an illusion of its own omnipotence. Faith without reason risks being cut off from everyday life." *Caritas in Veritate*, 74.

[12] See *Laudato Si'*, 109.

[13] The *See-Judge-Act* framework was devised by Belgian priest and Cardinal Joseph Leo Cardijn (1882–1967), founder of the Young Christian Workers movement. It has its intellectual roots in Aquinas's description of prudence and is taught by the Social Doctrine of the Church (see John XXIII, *Mater et Magistra*, encyclical letter (1961), 236 and the Pontifical Council for Justice and Peace, *Compendium of the Social Doctrine of the Church*, 547).

[14] *Gaudium et Spes*, 4.

[15] *Laudato Si'*, 48, 49, 108.

[16] Francis, *Evangelii Gaudium*, Apostolic Exhortation (2013), 54, 62. See also Benedict XVI: "As society becomes ever more globalised, it makes us neighbours but does not make us brothers" (*Caritas in Veritate*, 19).

[17] *Laudato Si'*, 145.

[18] Cf. *Caritas in Veritate*, 24 and 40.

[19] *Gaudium et Spes*, 15.

[20] *Laudato Si'*, 106 and 108.

[21] *Caritas in Veritate*, 45.

[22] *Laudato Si'*, 109.

[23] *Caritas in Veritate*, 40.

[24] *Evangelii Gaudium*, 2. See also *Laudato Si*, 203.

[25] See the Economy of Communion from the Focolare movement, UNIAPAC, Legatus, Christians in Commerce, Ignatian Business Chapters, Compagnia delle Opere from the Communion and Liberation movement, as well other movements that take the relationship of faith and business seriously.

[26] *Laudato Si'*, 109.

[27] *Caritas in Veritate*, 11. Pope Francis has created a Dicastery (i.e. department) for Promoting Integral Human Development with sections for charitable works, health care workers, justice and peace, and migrants and refugees; it came into effect on January 1, 2017. Its Statute begins: "In all her being and actions, the Church is called to promote the integral development of the human person in the light of the Gospel. This development takes place by attending to the inestimable goods of justice, peace, and the care of creation." See https://migrants-refugees.va/.

[28] See Benedict XVI, *Deus Caritas Est*, encyclical letter (2005), 1.

[29] The updating of this booklet in the light of new realities and new teachings illustrates this dynamism of the Catholic social tradition.

[30] *Compendium of the Social Doctrine of the Church*, 108.

[31] *Laudato Si'*, 137–62.

[32] John Paul II, *Sollicitudo Rei Socialis*, encyclical letter (1987), 38.

[33] *Laudato Si'*, 92.

[34] *Gaudium et Spes*, 26.

[35] *Laudato Si'*, 162.

[36] *Compendium of the Social Doctrine of the Church*, 164–67.

[37] Ibid., 338.

[38] See Cardinal Bertone, "A Goal Greater than Profit", Executive Summit on Ethics for the Business World, Rome, June 16, 2011 (http://www.vatican.va/roman_curia/secretariat_state/card-bertone/2011/documents/rc_seg-st_20110616_business-ethics_en.html).

[39] Pope Pius XI, *Quadragesimo Anno*, encyclical letter (1931), 51.

[40] Oswald von Nell-Breuning, *Reorganization of Social Economy*, (Milwaukee: The Bruce Publishing Co., 1936), 115–16.

[41] John Paul II, *Centesimus Annus*, encyclical letter (1991), 36. See also Francis:

> The great danger in today's world, pervaded as it is by consumerism, is the desolation and anguish born of a complacent yet covetous heart, the feverish pursuit of frivolous pleasures, and a blunted conscience. Whenever our interior life becomes caught up in its own interests and concerns, there is no longer room for others, no place for the poor. God's voice is no longer heard, the quiet joy of his love is no longer felt, and the desire to do good fades.…That is no way to live a dignified and fulfilled life; it is not God's will for us, nor is it the life in the Spirit which has its source in the heart of the risen Christ (*Evangelii Gaudium*, 2).

[42] *Centesimus Annus*, 43.

[43] *Compendium of the Social Doctrine of the Church*, 192–96.

[44] *Caritas in Veritate*, 45.

UNIAPAC_VOCATION_NOV_2018_EN_PRINT.indd 30 08/11/2018 21:47

[45] Address of Pope Francis to the Participants in the World Meeting of Popular Movements, October 28, 2014: Solidarity "means that the lives of all take priority over the appropriation of goods by a few. It also means fighting against the structural causes of poverty and inequality; of the lack of work, land and housing; and of the denial of social and labour rights." http://w2.vatican.va/content/francesco/en/speeches/2014/october/documents/papa-francesco_20141028_incontro-mondiale-movimenti-popolari.html.

[46] Besides his frequent use of terms such as the *excluded*, those who are *thrown* away and people on the *periphery*, Francis has put his words into practice with food and facilities for the homeless in the Vatican and throughout his diocese of Rome. He has initiated a special focus on migrants, refugees, and victims of human trafficking. He visited refugee transit points (Lampedusa, Lesbos); invited Syrian refugees to live in Vatican City; and took on personal leadership of a reorganized Migrants and Refugees Section of the Curia.

[47] Message of his Holiness Pope Francis for the Celebration of the Fiftieth World Day of Peace, January 1, 2017.

[48] Message of Pope Francis to the Executive Chairman of the World Economic Forum on the occasion of the Annual Meeting at Davos-Klosters (Switzerland) "In fact, those who have demonstrated their aptitude for being innovative and for improving the lives of many people by their ingenuity and professional expertise can further contribute by putting their skills at the service of those who are still living in dire poverty." w2.vatican.va/content/francesco/en/messages/pont-messages/2014/documents/papa-francesco_20140117_messaggio-wef-davos.html.

[49] *Centesimus Annus*, 32.

[50] *Quadragesimo Anno*, 135.

[51] *Laborem Exercens*, 6.

[52] Ibid.

[53] *Mater et Magistra*, 83.

[54] *Centesimus Annus*, 48; see also Pontifical Council for Justice and Peace, *Compendium of the Social Doctrine of the Church*, 185–86 and Catechism of the Catholic Church, 1883. See also Michael Naughton, Jeanne Buckeye, Kenneth Goodpaster, and Dean Maines, *Respect in Action: Applying Subsidiarity in Business* (St. Paul, MN: University of St. Thomas, 2015), www.stthomas.edu/cathstudies/cst/publications.

[55] *Centesiumus Annus*, 35.

[56] Mt 25:14–30.

[57] Centesimus Annus, 35.

[58] *Caritas in Veritate*, 21.

[59] Ibid., 48.

[60] Cardinal Peter Turkson, "Protect the Earth, Dignify Humanity: The Moral Dimensions of Climate Change and Sustainable Development", delivered at Vatican City, April 28, 2015, http://www.casinapioiv.va/content/dam/accademia/pdf/turkson.pdf

[61] *Compendium of the Social Doctrine of the Church*, 171–81.

[62] *Sollicitudo Rei Socialis*, 42.

[63] *Laborem Exercens*, 14.

[64] *Laudato Si'*, chapter 4.

[65] *Centesimus Annus*, 35.

[66] See examples recounted by the Family Business Network, www.fbn-i.org. Though a secular organization, FBN has members of many faiths and promotes a "pledge" concerning the workplace, community, the natural environment, and future generations. Of course, other businesses that are mission-driven can exhibit the same bonds with community as exemplary family businesses.

[67] *Centesimus Annus*, 43.

[68] *Laborem Exercens*, 20.

[69] *Caritas in Veritate*, 53.

[70] *Centesimus Annus*, 57.

[71] Benedict XVI, Address to Participants on the 50th Anniversary of the Encyclical "Mater et Magistra" (May 16, 2011), http://www.vatican.va/holy_father/benedict_xvi/speeches/2011/may/documents/hf_benxvi_spe_20110516_justpeace_en.html.

[72] Some of these organisations are UNIAPAC and its affiliates, Legatus, Ignatian Business Chapters, Christians in Commerce as well as new movements such as Focolare's Economy of Communion, the *Compagnia delle Opere initiatives of Comunione e Liberazione*, or investor groups such as the Interfaith Center for Corporate Responsibility, and other organisations and movements.

[73] Pope Francis, following Patriarch Bartholomew, also challenges us to acknowledge our sins against creation: "For human beings…to destroy the biological diversity of God's creation; for human beings to degrade the integrity of the earth by causing changes in its climate, by stripping the earth of its natural forests or destroying its wetlands; for human beings to contaminate the earth's waters, its land, its air, and its life—these are sins". For "to commit a crime against the natural world is a sin against ourselves and a sin against God"' (*Laudato Si'*, 8).

[74] *Laudato Si'*, 25. Francis further reminds us that "obstructionist attitudes [towards this crisis], even on the part of believers, can range from denial of the problem to indifference, nonchalant resignation or blind confidence in technical solutions" (ibid., 14).

[75] *Gaudium et Spes*, 19.

[76] *Centesimus Annus*, 5.

[77] *Caritas in Veritate*, 5.

[78] Ibid., 1.

[79] *Laudato Si'*, 237.

[80] Friedrich Nietzsche, *Beyond Good and Evil* (Oxford: Oxford University Press, 1998), 154. Francis addresses this problem as a form of "contemporary pelagianism"; see his apostolic exhortation *Gaudete et Exsultate* (2018), 47ff.

[81] Joseph Ratzinger, *Introduction to Christianity*, trans. J. R. Foster (San Francisco: Ignatius Press, 1990), 266.

[82] John Paul II, *Veritatis Splendor*, encyclical letter (1993), 35.

[83] "For the believer, to contemplate creation is to hear a message, to listen to a paradoxical and silent voice" (*Laudato Si'*, 85; and cf Catechism of the Catholic Church, 340).

[84] From what we receive from a Christian spiritual life, believers are moved to fulfil their obligations to protect God's handiwork, promote inter-generational justice and the common good, and live in solidarity with their poorest brothers and sisters (cf *Laudato Si'*, 217; 159; 158).

[85] Benedict XVI, "Man Is Subject and Protagonist of Work," Homily on the Feast of St. Joseph, Vatican City, March 19, 2006,

http://www.vatican.va/holy_father/benedict_xvi/homilies/2006/documents/hf_ben-xvi_hom_20060319_lavoratori_en.html.

[86] *Laudato Si*, 237.

[87] See John Paul II, *Dies Domini*, apostolic letter (1998).

[88] *Laborem Exercens*, 24.

[89] *Evangelii Gaudium*, 262.

[90] Hans Urs von Balthasar, *The Christian State of Life* (San Francisco: Ignatius Press, 1983), 48.

[91] *Centesimus Annus*, 5.

[92] Ibid., 7.

[93] *Caritas in Veritate*, 47.

[94] John Paul coined the term "indirect employer", which is an important reality for the businessperson (*Laborem Exercens*, 19). If a particular market system penalizes the just treatment of workers rather than rewarding it—due to hypercompetition or other factors—employers and managers cannot be expected to create a fully just work situation. The right to a living wage, for example, is the responsibility of all people, not just direct employers. If a particular company is in a highly price-sensitive, commoditised market, pressures to reduce labour costs may become so great that a particular employer would be constrained to pay the so-called market wage, which may be below a living or family wage. An employer in such a system may feel forced to pay lower wages, provide fewer benefits, and let working conditions deteriorate in order to compete with others in the industry. Failure to do this would place the particular company at a competitive disadvantage. No matter how strongly direct employers may desire to pay a living or a family wage, they may be forced to pay the going rate or go out of business. Although it also still exists in developed countries, this scenario is most evident in developing countries where labour protection is minimal, labour unions are suppressed, and labour markets are flooded. This is why so-called indirect employers are so critically important in the determination of pay.

[95] See *Caritas in Veritate*, 40.

[96] Ibid., 45.

[97] Francis, *Amoris Laetitia*, post-synodal apostolic exhortation (2016) 277.

[98] See John Paul II, *Ex Corde Ecclesiae*, apostolic constitution (1990).

[99] Pope Francis' apostolic exhortation *Gaudete et Exsultate* (April 2018) proposes holiness as a goal for everyone in their daily lives rather than a characteristic of a special few in special moments. His extended explanation and encouraging instructions are an excellent complement to the *Vocation of a Business Leader*.

UNIAPAC_VOCATION_NOV_2018_EN_PRINT.indd 31 08/11/2018 21:47

DISCATERY FOR PROMOTING
INTEGRAL HUMAN DEVELOPMENT

John A. Ryan Institute
Center for Catholic Studies
UNIVERSITY OF St.Thomas

The John A. Ryan Institute for Catholic Social Throught
of the Center for Catholic Studies

Rome/St. Paul, November 2018

Uniapac

UNIAPAC_VOCATION_NOV_2018_EN_PRINT.indd 32 08/11/2018 21:55